

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 6457

BILL NUMBER: HB 1089

DATE PREPARED: Nov 24, 1998

BILL AMENDED:

SUBJECT: Binding Arbitration for Teachers.

FISCAL ANALYST: Alan Gossard

PHONE NUMBER: 233-3546

FUNDS AFFECTED: **GENERAL
DEDICATED
FEDERAL**

IMPACT: Local

Summary of Legislation: This bill permits a permanent teacher to elect either binding arbitration on the issue of cancellation of the teacher's indefinite teaching contract or to have the school board determine the issue. The bill also provides a notice and hearing procedure for the non-renewal of a nonpermanent teacher.

Effective Date: July 1, 1999.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures: The binding arbitration provision for permanent teachers will impact local school corporation expenses in two ways:

- 1) By electing binding arbitration, teachers, if reinstated by the arbiter's decision, may also be granted back pay by the arbiter. Technically, this is also possible under the current system of school board hearings but is unlikely.
- 2) Under the proposed binding arbitration option, a school corporation would be responsible for half of the costs of arbitration. The American Arbitration Association would, as specified in the bill, supply arbiters for these cases at a fee of \$600 to \$800 per day. Additional costs would include the arbiter's expenses which would vary by case.

The provision regarding contract termination for nonpermanent teachers will have minimal fiscal impact. The provision requires that a nonpermanent teacher have the opportunity prior to termination to have in writing and in a hearing the reasons for the termination. These rights exist under current law but occur after termination has been decided.

This law would pertain to all contract cancellations after July 1, 1999 and would impact school corporation budgets for CY99. Schools are funded by local property taxes and the property tax replacement funds collected through local and state income taxes and the state sales tax. The exact impact of this bill is indeterminable, depending upon the number of occurrences where teachers, faced with contract cancellation, elect to undergo binding arbitration and upon the resulting arbitrated settlements.

Explanation of Local Revenues:

State Agencies Affected:

Local Agencies Affected: Local School Corporations

Information Sources: Don Russell, Indiana Education Employment Relations Board, 233-6620.